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H. R. 2664

To achieve needed savings in net Federal expenditures under the milk price support program through establishment of a milk producer self-help program to dispose of surplus dairy products, expand exports, and stabilize the market for milk and dairy products, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 15, 1993

Mr. VOLKMER (for himself and Mr. GUNDERSON) introduced the following bill;
which was referred to the Committee on Agriculture

A BILL

To achieve needed savings in net Federal expenditures under the milk price support program through establishment of a milk producer self-help program to dispose of surplus dairy products, expand exports, and stabilize the market for milk and dairy products, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Dairy Budget Rec-
5 onciliation and Self-Help Initiative Act of 1993”.

1 **SEC. 2. FINDINGS, PURPOSES, AND STATEMENT OF POLICY.**

2 (a) FINDINGS.—Congress finds that—

3 (1) milk and dairy products are vital compo-
4 nents of a balanced diet and have high nutritive
5 value, and the production of milk and dairy products
6 is an important segment of the Nation's agricultural
7 industry;

8 (2) an effective Federal milk price support pro-
9 gram is needed to ensure consumers of a reliable
10 and adequate supply of pure and wholesome milk
11 and dairy products at reasonable prices, to respond
12 adequately to current and anticipated future supply
13 and demand problems, and to ensure a level of farm
14 income adequate to maintain productive capacity
15 sufficient to meet anticipated future needs;

16 (3) the effectiveness of the current Federal milk
17 price support program is being diminished and the
18 economic stress on milk producers increasing due to
19 the growing demands made on milk producers to
20 provide funds for reduction of the Federal budget
21 deficit through direct levies and similar measures in-
22 cluded in budget reconciliation Acts;

23 (4) milk producers are being asked to pay more
24 and more in budget reconciliation levies, while the
25 economic pressures being placed on the milk produc-
26 tion industry continue to squeeze them financially;

1 (5) it is in the national interest and crucial to
2 milk producers that an alternative be found to the
3 continued expansion of budget reconciliation levies
4 and the corresponding diminution of the benefits of
5 the Federal milk price support program;

6 (6) since most Government outlays under the
7 Federal milk price support program stem from Com-
8 modity Credit Corporation removals of surplus dairy
9 products from the market to reduce the adverse ef-
10 fect of the surpluses on producer market prices for
11 milk, net Federal expenditures under that program
12 can be reduced, and thus needed budget savings
13 achieved, by reducing the level of removals of sur-
14 plus dairy products by the Corporation under the
15 price support program;

16 (7) an effective way to reduce the level of the
17 Commodity Credit Corporation's price support re-
18 movals is through the implementation of a producer-
19 funded program (using deductions from producer
20 revenues) as a supplement to the existing milk price
21 support program to remove surplus dairy products
22 from the market before the Corporation has to take
23 them, and develop additional markets for domesti-
24 cally-produced dairy products;

1 (8) implementation of such a producer-funded
2 self-help program is preferable to just increasing the
3 level of budget reconciliation levies, because, while
4 effectively reducing net Federal expenditures under
5 the milk price support program, it also stabilizes the
6 market for milk producers and lessens the economic
7 effect of the budget deficit reduction effort on them;

8 (9) implementation of the self-help program
9 also is fairer to milk producers because it will use
10 the funds collected from them under the budget rec-
11 onciliation process to provide them with tools that
12 they, as an industry, need to effectively develop new
13 markets for their products;

14 (10) if milk producers shoulder the financial
15 burden of removing surplus dairy products from the
16 market and developing new markets for domestic
17 milk production under this self-help program, it is
18 appropriate, as well as most conducive to the effi-
19 cient implementation of the program, that the milk
20 production and marketing industry be directly in-
21 volved in the operation of the program under the
22 oversight of the Secretary of Agriculture;

23 (11) the Federal milk price support program it-
24 self is the responsibility of the Secretary of Agri-
25 culture under the Agricultural Act of 1949, and the

1 producer-funded efforts to dispose of surplus dairy
2 products and develop new markets for dairy prod-
3 ucts under the self-help program established by this
4 Act should be overseen by the Secretary of Agri-
5 culture and be coordinated with the milk price sup-
6 port program and other Department of Agriculture
7 programs; and

8 (12) the future of milk price stabilization re-
9 quires the opening of new market opportunities that
10 the efficient production capacity of our Nation's
11 milk producers can respond to, and the self-help ef-
12 fort provided for in this Act should include aggres-
13 sive efforts to search out and find new market op-
14 portunities in promising export markets.

15 (b) STATEMENT OF PURPOSES AND POLICY.—

16 (1) PURPOSES.—The purposes of this Act are
17 to—

18 (A) achieve a reduction in net Federal ex-
19 penditures under the Federal milk price support
20 program that contributes substantially to the
21 needed reductions in net Federal outlays re-
22 quired under the Concurrent Budget Resolution
23 for fiscal years 1994 through 1998;

24 (B) achieve such reduction in net expendi-
25 tures through implementation of a self-help pro-

1 gram funded by milk producers that will remove
2 surplus dairy products by timely intervention in
3 the market and through expanded exports, and
4 related changes in policies governing the Fed-
5 eral milk program; and

6 (C) establish the Dairy Stabilization Board
7 to develop and implement annual plans for han-
8 dling surplus dairy products and to develop new
9 markets for domestic dairy products, under the
10 oversight of the Secretary of Agriculture.

11 (2) STATEMENTS OF POLICY.—

12 (A) IN GENERAL.—It is declared to be the
13 policy of Congress that it is in the public inter-
14 est, and necessary to protect and strengthen the
15 Nation's milk production and marketing sys-
16 tem, to reduce any adverse affects of budget
17 reconciliation actions on milk producers, and to
18 facilitate the continued effective operations of
19 the Federal milk price support program, that
20 the self-help program funded by milk producers
21 provided for in this Act be implemented.

22 (B) PROTECTION OF CONSUMERS.—It fur-
23 ther is declared to be the policy of Congress
24 that the powers provided in this Act shall not
25 be used to reduce the production of pure and

wholesome milk and dairy products below the level required for United States consumers or to divert production from meeting the needs of such consumers, and that, in carrying out this Act, due regard shall be given to the maintenance of a continuous and stable supply of milk and dairy products adequate to meet the demands of United States consumers at prices fair to both producers and consumers.

SEC. 3. BUDGET RECONCILIATION AND MARKET STABILIZATION DEDUCTIONS FROM PRODUCER REVENUES; REFUNDS; COLLECTION.

(a) IN GENERAL.—Effective January 1, 1994, section 204 of the Agricultural Act of 1949 (7 U.S.C. 1446e) is amended by striking out subsection (h) and all that follows down through the end of subsection (j) and inserting in lieu thereof the following:

“(h) DEDUCTIONS FROM PRODUCER REVENUES.—

“(1) BUDGET RECONCILIATION SAVING DEDUCTIONS FROM PRODUCER REVENUES.—

“(A) IN GENERAL.—During each of the calendar years 1994 through 1998, the Secretary shall provide for deductions from producer revenues, as provided in paragraph (3), on all milk produced in the 48 contiguous

1 States and marketed by producers for commer-
2 cial use, in addition to any reduction in price
3 required under subsection (g).

4 “(B) AMOUNT.—The amount of the deduc-
5 tion from producer revenues under subpara-
6 graph (A) shall be 10 cents per hundredweight
7 of milk marketed, which rate shall be adjusted
8 on or before May 1 of each of the calendar
9 years 1994 through 1998 by an amount per
10 hundredweight that is necessary to compensate
11 for refunds made under subsection (i) on the
12 basis of marketings in the previous calendar
13 year.

14 “(C) REFUNDS.—The Secretary shall pro-
15 vide for refunds to producers of deductions
16 made from producer revenues under this para-
17 graph, as provided in subsection (i).

18 “(2) MARKET STABILIZATION DEDUCTIONS
19 FROM PRODUCER REVENUES.—

20 “(A) IN GENERAL.—During any of the cal-
21 endar years 1994 through 1998 in which a
22 Dairy Stabilization Plan is in effect that pro-
23 vides for the removal of dairy products from the
24 market, the Secretary shall provide for deduc-
25 tions from producer revenues, as provided in

1 paragraph (3), on all milk produced in the 48
2 contiguous States and marketed by producers
3 for commercial use, in addition to any reduction
4 in price required under subsection (g) and the
5 deductions from producer revenues required
6 under paragraph (1).

7 “(B) AMOUNT.—

8 “(i) IN GENERAL.—The amount of
9 the deduction from producer revenues
10 under subparagraph (A) during any cal-
11 endar year shall be the amount per hun-
12 dredweight of milk marketed—not to ex-
13 ceed 10 cents per hundredweight—that is
14 established by the Dairy Stabilization
15 Board for such year, as provided in section
16 204B(a)(2), and approved by the Sec-
17 retary.

18 “(ii) REVISIONS OF AMOUNT.—The
19 amount of the deduction established for a
20 year under clause (i) may be adjusted by
21 the Dairy Stabilization Board at the begin-
22 ning of the second, third, or fourth quarter
23 of the year, as provided in section
24 204B(c)(2) and if approved by the Sec-
25 retary, to reflect changes in anticipated

1 costs under the Dairy Stabilization Plan
2 for such year.

3 “(C) REFUNDS.—The Secretary shall pro-
4 vide for refunds to producers of deductions
5 made from producer revenues under this para-
6 graph, as provided in subsection (i).

7 “(3) DEDUCTION PROCESS.—The Secretary
8 shall provide for the deductions from producer reve-
9 nues required under paragraphs (1) and (2) as fol-
10 lows:

11 “(A) with respect to milk marketed under
12 a Federal milk marketing order, the Secretary
13 shall provide for a monthly deduction, from the
14 total pool revenues available to producers from
15 marketings of milk under such marketing order
16 during such month, of such sum that is equiva-
17 lent to a uniform reduction in the blend price,
18 per hundredweight, to producers for such milk
19 at the rate per hundredweight provided for in
20 paragraph (1) or (2), and the remittal of such
21 deducted amounts to the Commodity Credit
22 Corporation;

23 “(B) with respect to milk marketed under
24 a State milk pricing and pooling program, the
25 Secretary shall provide for a monthly deduction,

1 from the total pool revenues available to pro-
2 ducers from marketing of milk under the pro-
3 gram during such month, of such sum that is
4 equivalent to a uniform reduction in the price,
5 per hundredweight, to producers for such milk
6 at the rate per hundredweight provided for in
7 paragraph (1) or (2), and the remittal of such
8 deducted amounts to the Commodity Credit
9 Corporation. For purposes of this subpara-
10 graph, at the option of the appropriate State
11 authority, in lieu of the required amounts being
12 withheld from producers by directly deducting
13 such amounts from the total pool revenues
14 under the State program, the required amounts
15 may be withheld from producers by the Sec-
16 retary through a reduction of the amount per
17 hundredweight provided for in paragraph (1) or
18 (2) from the price received on all milk marketed
19 for commercial use by producers subject to the
20 order; and

21 “(C) with respect to all milk marketed for
22 commercial use, the Secretary shall provide for
23 a deduction of the amount, per hundredweight,
24 provided for in paragraph (1) or (2) from the
25 price received by producers on all milk mar-

1 keted for commercial use (including milk not el-
2 igible for fluid use and milk marketed by pro-
3 ducer-distributors), and the remittal of such de-
4 ducted amounts to the Commodity Credit Cor-
5 poration.

6 “(i) REFUNDS TO PRODUCERS.—

7 “(1) IN GENERAL.—The Secretary shall provide
8 a refund of—

9 “(A) the reductions under subsection (g) in
10 the price received by a producer during a cal-
11 endar year (excluding any such reduction that
12 is a targeted reduction under subsection
13 (g)(3)), except when a refund is otherwise avail-
14 able to the producer under subsection (g)(5);
15 and

16 “(B) the entire amount of the deductions
17 from producer revenues made under subsection
18 (h) during such calendar year that are applica-
19 ble to the milk marketed by the producer dur-
20 ing the year,

21 if the producer provides evidence that the producer
22 did not increase marketings in the calendar year
23 over the amount determined by multiplying market-
24 ings of such producer during the preceding year by
25 the market adjustment factor established under

1 paragraph (2) to reflect growth or shrinkage in the
2 market for milk during the refund year.

3 “(2) MARKET ADJUSTMENT FACTOR.—The
4 market adjustment factor used in paragraph (1)
5 shall be established by the Dairy Stabilization
6 Board, in consultation with the Secretary, at a per-
7 centage determined by dividing the amount of all
8 milk produced in the 48 contiguous States and mar-
9 keted by producers for commercial use in the year
10 for which refunds are available by the amount of
11 such milk marketings in the year preceding such
12 year.

13 “(3) FUNDS FOR REFUNDS.—Funds used to
14 make refunds under this subsection shall be made
15 available from the Commodity Credit Corporation
16 general account, except that such funds as are need-
17 ed to cover refunds of market stabilization deduc-
18 tions from producer revenues shall be transferred to
19 the Corporation’s general account from the Dairy
20 Stabilization Fund.

21 “(4) REFUND NOT DEEMED A GOVERNMENT
22 PAYMENT.—Any refund under this subsection shall
23 not be considered as any type of price support or
24 payment for purposes of section 1211 or 1212 of the

1 Food Security Act of 1985 (16 U.S.C. 3811 and
2 3821).

3 “(j) COLLECTION AND ENFORCEMENT.—

4 “(1) COLLECTION.—Reductions in price re-
5 quired under subsection (g) and deductions from
6 producer revenues required under subsection (h)
7 shall be collected and remitted to the Commodity
8 Credit Corporation in the manner prescribed by the
9 Secretary, except that—

10 “(A) in any year in which a market sta-
11 bilization deduction from producer revenues is
12 in effect under subsection (h)(2), the Secretary
13 shall combine such deduction with the budget
14 reconciliation savings deduction in effect for
15 that year under subsection (h)(1), and provide
16 for the collection of both deductions together;
17 and

18 “(B) on receipt by the Commodity Credit
19 Corporation of amounts deducted from pro-
20 ducer revenues under subsection (h), the Com-
21 modity Credit Corporation immediately shall
22 place into the Dairy Stabilization Fund that
23 portion of the receipts that is due to the Dairy
24 Stabilization Board as provided in subsection
25 (k).

1 “(2) PENALTIES.—If any person fails to collect
2 or remit the reduction required by subsection (g) or
3 deduction required by subsection (h) or fails to com-
4 ply with such requirements for recordkeeping or oth-
5 erwise as are required by the Secretary to carry out
6 such subsection, the person shall be liable to the
7 Secretary for a civil penalty up to an amount deter-
8 mined by multiplying—

9 “(A) the quantity of milk involved in the
10 violation; by

11 “(B) the support rate for the applicable
12 calendar year for milk.

13 “(k) DAIRY STABILIZATION FUND.—

14 “(1) IN GENERAL.—There shall be established
15 in the Commodity Credit Corporation a special fund,
16 to be known as the ‘Dairy Stabilization Fund’. Mon-
17 ies in such Fund shall be available solely for the use
18 of the Dairy Stabilization Board for expenditures
19 provided for in this Act.

20 “(2) MONEY INTO THE FUND.—There shall be
21 deposited into the Fund—

22 “(A) all monies collected from market sta-
23 bilization deductions from producer revenues
24 made under subsection (h)(2);

1 “(B) of the monies collected from budget
2 reconciliation savings deductions from producer
3 revenues under subsection (h)(1) during any
4 calendar year—

5 “(i) that portion of the collected de-
6 ductions that is budgeted to cover the
7 Board’s administrative expenses under the
8 Dairy Stabilization Plan for such year ap-
9 proved by the Secretary; and

10 “(ii) that portion of the collected de-
11 ductions that is in compensation for trans-
12 fers to the Commodity Credit Corporation
13 under section 204A(h)(2)(B) to cover re-
14 funds of market stabilization deductions
15 under subsection (h)(2) made on the basis
16 of marketings in the previous calendar
17 year;

18 “(C) monies collected from any excess pur-
19 chases reduction in price under subsection (g),
20 the transfer of which to the Fund is approved
21 by the Commodity Credit Corporation, under
22 any agreement between the Board and the Cor-
23 poration for the Board to assist the Corporation
24 in removing from the market excess dairy prod-
25 ucts, as provided for in section 204B(a)(1)(C);

1 “(D) revenues received by the Board from
2 sales of dairy products it has removed from the
3 market or from any other source; and

4 “(E) credits, each month, from the general
5 account of the Commodity Credit Corporation
6 to represent interest earned (at the then cur-
7 rent rates of interest being charged by the
8 Commodity Credit Corporation) on the average
9 outstanding balance in the Fund during such
10 month.

11 “(3) TERMINATION OF FUND.—The Dairy Sta-
12 bilization Fund shall terminate, and any monies re-
13 maining in the Fund transferred to the general ac-
14 count of the Commodity Credit Corporation, at such
15 time as the Dairy Stabilization Board winds up its
16 affairs and all legal obligations of the Board, includ-
17 ing rebates to milk producers under section 204A(l),
18 have been met.

19 “(l) USE OF THE COMMODITY CREDIT CORPORA-
20 TION.—The Secretary shall use the funds, facilities, and
21 authorities of the Commodity Credit Corporation to carry
22 out this section and sections 204A and 204B.”.

23 “(b) CONFORMING CHANGES.—

1 “(1) REDESIGNATIONS.—Subsection (k) of sec-
2 tion 204 of the Agricultural Act of 1949 (7 U.S.C.
3 1446e) is redesignated as subsection (m).

4 “(2) 1990 FARM BILL AMENDMENT.—Section
5 101(b) of the Food, Agriculture, Conservation, and
6 Trade Act of 1990 (7 U.S.C. 1446e note) is amend-
7 ed by inserting “or deduction taken from milk pro-
8 ducer revenues” immediately before the period at the
9 end thereof.

10 **SEC. 4. DAIRY STABILIZATION INITIATIVE.**

11 The Agricultural Act of 1949 is amended by inserting
12 after section 204 (7 U.S.C. 1446e) the following new sec-
13 tions:

14 **“SEC. 204A. DAIRY STABILIZATION BOARD.**

15 “(a) ESTABLISHMENT.—Not later than September 1,
16 1993, the Secretary of Agriculture shall establish the
17 Dairy Stabilization Board to develop and implement Dairy
18 Stabilization Plans and perform other tasks of the Board
19 provided for in this title, subject to the supervision and
20 regulations of the Secretary.

21 “(b) MEMBERSHIP.—

22 “(1) IN GENERAL.—The Dairy Stabilization
23 Board shall consist of 18 members appointed by the
24 Secretary as provided in this subsection. The Sec-
25 retary may not appoint any person to the Board un-

1 less the Secretary determines that the person meets
2 the qualification criteria set out in paragraph (5).

3 “(2) COMPOSITION OF BOARD.—

4 “(A) REGIONAL DISTRIBUTION.—The 18
5 seats on the Board shall be evenly allocated
6 among the 6 geographic regions described in
7 paragraph (3).

8 “(B) REGIONAL APPOINTMENTS.—The
9 Secretary shall appoint 3 members to the Board
10 from each of the 6 geographic regions, as fol-
11 lows:

12 “(i) 2 members shall be qualified milk
13 producers whose farms are located in that
14 region, each appointed by the Secretary
15 from among nominees selected by the milk
16 producers in such region, as provided in
17 this subsection; and

18 “(ii) 1 member shall be a qualified
19 person employed in some capacity in the
20 dairy industry other than as a producer,
21 and selected by the Secretary in such man-
22 ner as the Secretary determines appro-
23 priate. For any individual employed by a
24 company or organization that conducts
25 business in more than one such region,

1 such individual will be deemed to be lo-
2 cated in the region in which such individ-
3 ual's normal place of business is located.

4 “(3) 6 GEOGRAPHIC REGIONS.—For purposes of
5 making regional appointments of persons to the
6 Board, as provided in paragraph (2), the 48 contig-
7 uous States shall be grouped into 6 regions, as fol-
8 lows:

9 “(A) Region I: Connecticut, Maine, Massa-
10 chusetts, New Hampshire, New Jersey, New
11 York, Pennsylvania, Rhode Island, and Ver-
12 mont.

13 “(B) Region II: Illinois, Indiana, Iowa,
14 Kansas, Michigan, Missouri, Nebraska, and
15 Ohio.

16 “(C) Region III: Alabama, Arkansas, Dela-
17 ware, Florida, Georgia, Kentucky, Louisiana,
18 Maryland, Mississippi, North Carolina, Okla-
19 homa, South Carolina, Tennessee, Texas, Vir-
20 ginia, and West Virginia.

21 “(D) Region IV: Wisconsin.

22 “(E) Region V: Colorado, Idaho, Min-
23 nesota, Montana, North Dakota, Oregon, South
24 Dakota, Utah, Washington, and Wyoming.

1 “(F) Region VI: Arizona, California, Ne-
2 vada, and New Mexico.

3 “(4) SELECTION OF NOMINEES FOR APPOINT-
4 MENT AS PRODUCER MEMBERS.—

5 “(A) TWO NOMINEES REQUIRED.—For the
6 appointment of the initial Board and whenever
7 there is a vacancy on the Board, the producers
8 in each of the 6 geographic regions described in
9 paragraph (3) that has a producer seat on the
10 Board that is vacant shall choose, by election,
11 two producer nominees for such seat.

12 “(B) NOMINATION PROCESS.—The Sec-
13 retary shall begin the process of appointing a
14 person to fill a producer seat on the Board by
15 soliciting recommendations of the names of pro-
16 ducers in the region involved to be listed on the
17 ballot for election as a nominee for appointment
18 to that seat. The names and qualifications of
19 producers for inclusion on the ballot may be
20 submitted by any milk producer in the region,
21 or any organization that represents milk pro-
22 ducers in such region. The Secretary shall de-
23 termine whether each such producer submitted
24 for inclusion on the ballot is eligible to serve on
25 the Board and meets the qualification criteria

1 set out in paragraph (5), and shall include on
2 the ballot the name of every qualified person
3 determined to be eligible and qualified if such
4 person agrees to permit his or her name being
5 put on the ballot.

6 “(C) ELECTIONS.—The Secretary shall
7 conduct an election among milk producers in
8 the region involved to choose the two nominees
9 for appointment to the vacant seat. Each pro-
10 ducer shall have one vote in the election of each
11 nominee, and bloc voting as provided in sub-
12 paragraph (D) shall be permitted. The two per-
13 sons receiving the highest number of votes in
14 the election shall be the nominees.

15 “(D) VOTING BY ASSOCIATIONS.—For the
16 purpose of elections under this paragraph, the
17 Secretary shall consider the vote cast by any co-
18 operative association of producers, engaged in a
19 bona fide manner in marketing milk or the
20 products of milk, as the vote of the producers
21 who are members of or under contract with
22 such cooperative association of producers. If a
23 cooperative association of producers elects to
24 vote on behalf of its members, such cooperative
25 association shall provide each producer, on

1 whose behalf the cooperative association is vot-
2 ing, a description of the election process to-
3 gether with a statement of the manner in which
4 the cooperative association intends to cast its
5 vote on behalf of the membership. Such infor-
6 mation shall inform the producer of procedures
7 to follow to cast an individual ballot should the
8 producer so choose within the period of time es-
9 tablished by the Secretary for casting ballots.
10 Such notification shall be made at least 10 days
11 prior to the election and shall include an official
12 ballot. The ballots shall be tabulated by the
13 Secretary and the vote of the cooperative asso-
14 ciation shall be adjusted to reflect such individ-
15 ual votes.

16 “(E) ADDITIONAL RULES.—The Secretary
17 shall establish such additional rules for the con-
18 duct of elections to choose producer nominees
19 as are appropriate.

20 “(5) QUALIFICATION CRITERIA.—

21 “(A) BASIC CRITERIA.—The Secretary
22 may not include the name of a person on the
23 ballot in an election to choose producer nomi-
24 nees for the Board, or appoint any member to
25 the Board, unless the Secretary determines that

1 such person meets the following qualification
2 criteria:

3 “(i) the person must have substantial
4 experience or a high level of expertise in
5 the production of milk, the marketing of
6 milk or dairy products, or the financing of
7 such marketing activities; and

8 “(ii) if the person is being considered
9 for—

10 “(I) a producer seat on the
11 Board, the person must have served in
12 a leadership position for a dairy mar-
13 keting cooperative or other dairy in-
14 dustry organization; or

15 “(II) a non-producer seat on the
16 board, the person must have com-
17 parable leadership experience in his or
18 her field of expertise.

19 “(B) FURTHER CRITERIA.—In choosing
20 among producer nominees or directly selecting
21 non-producer members for appointment to the
22 Board, the Secretary shall give priority to per-
23 sons with—

24 “(i) if the appointment is to a non-
25 producer seat on the Board, substantial ex-

1 perience as a professional milk marketer;
2 or

3 “(ii) practical familiarity with, or
4 demonstrated knowledge of, the process of
5 marketing agricultural commodities for ex-
6 port or the financing of such transactions;
7 or

8 “(iii) practical familiarity with, or
9 demonstrated knowledge of, the mechanics
10 and market effects of moving dairy prod-
11 ucts from the processing plant into the
12 market; or

13 “(iv) substantial experience with the
14 Federal milk price support program or
15 Commodity Credit Corporation removals of
16 dairy products from the market under that
17 program.

18 “(6) DIVERSITY OF APPOINTMENTS.—In mak-
19 ing appointments to the Board, the Secretary shall
20 ensure that not more than one person employed by
21 a particular company or associated with a particular
22 cooperative organization that can bloc vote in the
23 election of producer nominees sits on the Board at
24 the same time.

1 “(7) REJECTION.—The Secretary may reject
2 any nominee selected by milk producers. If there are
3 insufficient nominations from which to appoint
4 members to the Board as a result of the Secretary
5 rejecting nominees selected by milk producers, milk
6 producers shall select additional nominees, as pro-
7 vided in this subsection.

8 “(8) TIME SCHEDULE.—The Secretary shall
9 conduct the regional elections of producer nominees
10 for appointment to the initial Board and appoint all
11 the initial members to the Board no later than Sep-
12 tember 1, 1993. Thereafter, whenever a seat be-
13 comes vacant for any reason, the Secretary, as soon
14 as practicable, shall conduct an election (if the va-
15 cant seat is a producer seat) and make an appoint-
16 ment of a person to fill the vacant seat.

17 “(9) TERMS OF MEMBERS.—Each member of
18 the Board shall serve for a three-year term, subject
19 to termination of the Board by June 30, 1999, ex-
20 cept that terms shall be staggered, as follows:

21 “(A) 4 of the producer members and 2 of
22 the non-producer members appointed by the
23 Secretary to the initial Board shall have a 1-
24 year term;

1 “(B) 4 of the producer members and 2 of
2 the non-producer members appointed by the
3 Secretary to the initial Board shall have a 2-
4 year term; and

5 “(C) 4 of the producer members and 2 of
6 the non-producer members appointed by the
7 Secretary shall have a full 3-year term.

8 “(10) OPERATIONS COMMITTEE.—The Board
9 may establish an Operations Committee for con-
10 sultation and advice, consisting of persons not sit-
11 ting on the Board who as a group are suitably quali-
12 fied, either in experience or knowledge, in the var-
13 ious aspects of the dairy industry, from research and
14 production to export marketing. The Operations
15 Committee shall have no right to cast votes in any
16 matter voted on by the Board or the Board’s mem-
17 ber committees, nor shall it have the power to per-
18 form any of the functions of the Board under this
19 title.

20 “(11) CONFLICT RULES.—The members of the
21 Board shall be subject to such conflict of interest
22 rules as determined appropriate by the Secretary.

23 “(12) REIMBURSEMENT FOR EXPENSES.—
24 Members of the Board and the Operating Committee
25 shall serve without pay, but shall be allowed reim-

1 bursement for expenses incurred in their service on
2 the Board or Committee, including reasonable travel
3 costs and out-of-pocket expenses when required to be
4 away from their home or place of business in the
5 service of the Board or Committee.

6 “(13) REMOVAL FOR CAUSE.—The Secretary
7 may remove any member of the Board for good
8 cause shown.

9 “(14) TERMINATION OF THE BOARD.—The
10 Board shall terminate at such date—not later than
11 June 30, 1999—agreed on by the Secretary and the
12 Board, unless extended by later enactment of Con-
13 gress.

14 “(c) BOARD PROCEDURES.—

15 “(1) MEETINGS OF THE BOARD.—

16 “(A) FIRST MEETING.—Within 2 weeks
17 after the Secretary has appointed a quorum to
18 the initial Dairy Stabilization Board, the Board
19 shall convene for its initial meeting and elect of-
20 ficers and adopt written bylaws and rules of
21 procedure to govern its meetings.

22 “(B) SUBSEQUENT MEETINGS.—Following
23 the initial meeting, the Board shall meet at the
24 call of the chair or as requested by the Sec-
25 retary, but at least once every 3 months.

1 “(2) QUORUM.—A quorum of the Board shall
2 be 10 persons.

3 “(3) NOTICE TO SECRETARY; EX OFFICIO REP-
4 RESENTATION.—The Board shall notify the Sec-
5 retary in advance of each meeting of the Board. The
6 Secretary, or a representative of the Secretary, shall
7 attend each meeting as a non-voting ex officio mem-
8 ber of the Board.

9 “(d) DUTIES OF THE BOARD.—The Dairy Stabiliza-
10 tion Board shall have the duties to—

11 “(1) prepare annually, for each of the 1994
12 through 1998 calendar years, a Dairy Stabilization
13 Plan for that year and, as necessary, establish a per
14 hundredweight rate of deductions from producer rev-
15 enues for such year under section 204(h)(2) to cover
16 the costs of removals of surplus dairy products and
17 other activities of the Board under the Plan, and
18 submit both to the Secretary in advance for ap-
19 proval;

20 “(2) before the beginning of the second, third,
21 and fourth quarter of each calendar year in which
22 deductions under section 204(h)(2) are in effect,
23 make adjustments in the rate of deductions for such
24 year as necessary to reflect changes in anticipated
25 costs under the Plan for such year based on revi-

1 sions in the estimate of net Commodity Credit Cor-
2 poration removals of dairy products for the year,
3 and submit any such adjustment to the Secretary in
4 advance for approval;

5 “(3) prepare and submit to the Secretary in ad-
6 vance for approval the Board’s proposed budget for
7 each calendar year it is in operation;

8 “(4) implement each annual Dairy Stabilization
9 Plan and approved budget, and coordinate activities
10 under the Plan with the programs of the Depart-
11 ment of Agriculture;

12 “(5) evaluate results under each Dairy Sta-
13 bilization Plan and report on the evaluations to the
14 Secretary, and provide a copy of each such report to
15 the Senate Committee on Agriculture, Nutrition, and
16 Forestry and the House Committee on Agriculture;

17 “(6) with respect to the estimate of the value
18 and volume of Commodity Credit Corporation milk
19 and milk product purchases made by the Secretary
20 by November 20 under section 204(f), in cooperation
21 with the Secretary, make monthly revisions of such
22 estimate for each month of the year to which the es-
23 timate applies;

1 “(7) manage funds deposited into the Dairy
2 Stabilization Fund, as provided in section 240(j);
3 and

4 “(8) establish the refund market adjustment
5 factor for each year as provided for in section
6 204(i)(2).

7 “(e) POWERS OF THE BOARD—

8 “(1) GENERAL POWERS.—The Dairy Stabiliza-
9 tion Board may—

10 “(A) adopt bylaws and issue rules and reg-
11 ulations governing the manner in which its
12 business may be conducted and the powers vest-
13 ed in it may be exercised;

14 “(B) sue and be sued, complain and de-
15 fend, in any court of law or equity, State or
16 Federal. All suits of a civil nature at common
17 law or in equity to which the Board shall be a
18 party shall be deemed to arise under the laws
19 of the United States, and the United States dis-
20 trict courts shall have original jurisdiction
21 thereof, without regard to the amount in con-
22 troversy, and the Board, in any capacity, with-
23 out bond or security, may remove any such ac-
24 tion, suit, or proceeding from a State court to
25 the United States district court for the district

1 or division embracing the place where the same
2 is pending by following any procedure for re-
3 moval then in effect;

4 “(C) incur and pay for administrative and
5 other expenses under this title;

6 “(D) appoint staff, define their duties, and
7 fix and provide their compensation;

8 “(E) enter into contracts and agreements
9 as necessary in the conduct of its business;

10 “(F) contract for the use, in accordance
11 with the usual customs of trade and commerce,
12 of plants and facilities for the physical han-
13 dling, storage, processing, servicing, and trans-
14 portation of dairy products subject to its con-
15 trol; and

16 “(G) make final and conclusive settlement
17 and adjustment of any claims by or against the
18 Board or its accounts; and

19 “(H) use and expend monies in the Dairy
20 Stabilization Fund for purposes authorized
21 under this Act; and

22 “(I) exercise such other powers incidental
23 to its performance of functions required or au-
24 thorized for it under this title.

1 “(2) SPECIFIC POWERS.—To meet its duties
2 under this title and implement Dairy Stabilization
3 Plan, the Dairy Stabilization Board may use its gen-
4 eral powers to—

5 “(A) remove, or cause the removal, of
6 dairy products from the domestic commercial
7 market or accept donated stocks from the Com-
8 modity Credit Corporation, and maintain such
9 products in inventory,

10 “(B) dispose, or cause the disposal, of
11 dairy products it has removed from the market
12 or received from the Commodity Credit Cor-
13 poration through outlets that are not in com-
14 petition with United States commercial mar-
15 kets, primarily through export sales;

16 “(C) transfer to the Commodity Credit
17 Corporation, at the Corporation’s announced
18 price, dairy products it has removed from the
19 market, as necessary for Board or Corporation
20 stock management purposes, and the regula-
21 tions of the Corporation shall so provide;

22 “(D) cause the export of dairy cattle; and

23 “(E) conduct other activities related to
24 market development and product disposal speci-
25 fied in section 204B(d), as necessary to meet

1 its responsibilities under this title and Dairy
2 Stabilization Plans.

3 “(f) BUDGETS OF THE BOARD.—

4 “(1) PREPARATION.—Not later than October
5 31 of each of the calendar years 1993 through 1997,
6 the Dairy Stabilization Board shall prepare and sub-
7 mit to the Secretary for approval a budget of its an-
8 ticipated expenses and disbursements in the upcom-
9 ing calendar year.

10 “(2) ITEMS IN EACH BUDGET.—

11 “(A) IN GENERAL.—Each such budget
12 shall provide—

13 “(i) a detailed account of the Board’s
14 anticipated administrative expenses and
15 other outlays to be incurred in implement-
16 ing the Dairy Stabilization Plan for the
17 upcoming year;

18 “(ii) an estimate of expected revenues
19 to the Board during the upcoming year, to
20 which the budget of expenditures shall be
21 reconciled;

22 “(iii) an estimate of the anticipated
23 outlays to be incurred for administrative
24 expenses for the upcoming year;

1 “(iv) an analysis of anticipated ex-
2 penditures for administrative expenses,
3 showing how they are being kept to the
4 minimum necessary to operate the pro-
5 grams of the Board; and

6 “(v) a description of the anticipated
7 contracts during such year for the removal
8 and disposition of surplus dairy products.

9 “(B) ADDITIONAL ITEMS.—The budget
10 prepared for calendar year 1994 shall include
11 an additional amount to reimburse the Com-
12 modity Credit Corporation for expenditures to
13 cover expenses of the Board prior to January 1,
14 1994; and the budget prepared for calendar
15 year 1998 shall include an additional amount to
16 cover the Board’s administrative expenses to be
17 incurred in 1999 in wrapping up its business.

18 “(3) SUBMISSION WITH PLAN; APPROVAL RE-
19 QUIRED.—Each budget prepared under this sub-
20 section shall be submitted to the Secretary with the
21 Dairy Stabilization Plan for the year involved; and
22 no budget may be implemented prior to its approval
23 by the Secretary. Each such budget shall be re-
24 viewed for approval by the Secretary under the pro-

cedures provided for review and approval of Dairy Stabilization Plans under section 204B(b)(2).

“(g) ADMINISTRATION; CONTRACTING.—

“(1) LIMITATION ON ADMINISTRATIVE EXPENSES.—For any calendar year in which the Secretary estimates under section 204(f) that the level of Commodity Credit Corporation purchases of milk and the products of milk will exceed 5,000,000,000 pounds (milk equivalent, total milk solids basis), the Board may not budget for or incur administrative expenses (including the cost of paying employees of the Board) in the year that exceed the lesser of—

“(A) \$2,000,000, or

“(B) 5 percent of the annual budget of the Board for the year.

“(2) CONTRACTS FOR SERVICES.—

“(A) IN GENERAL.—To ensure efficient use of funds available to the Dairy Stabilization Board under this title and avoid duplication of efforts, whenever possible, the Board shall enter into contracts and agreements for the removal of dairy products from the market, the disposition of such products, and such other nonadministrative activities of the Board, and

1 for the payment of the cost thereof with funds
2 available to the Board under this title.

3 “(B) COVERAGE OF RULE.—The tasks
4 that may be included under a contract or agree-
5 ment include, but are not limited to, offers to
6 buy, purchases of dairy products, storage and
7 delivery of dairy products, management of dairy
8 product inventories, and statistical collection
9 and analysis.

10 “(C) REQUIREMENTS.—Any contract or
11 agreement of the Board under this paragraph
12 shall be subject to the approval of the Sec-
13 retary; and the contracting or agreeing party
14 shall keep accurate records of all its trans-
15 actions, account for funds received and ex-
16 pended, make periodic reports to the Board of
17 activities conducted, and make such other re-
18 ports as the Board or the Secretary may re-
19 quire.

20 “(3) DIRECT SALES BY OTHERS.—The Board
21 shall ensure the actual export marketing and sale of
22 dairy products it has removed from the market are
23 done by dairy cooperatives and other persons en-
24 gaged in international marketing, rather than by it-
25 self or its agents.

1 “(h) FUNDING FOR THE BOARD; EXPENDITURES.—

2 “(1) IN GENERAL.—

3 “(A) DAIRY STABILIZATION FUND.—Mon-
4 ies in the Dairy Stabilization Fund established
5 under section 204(k) shall be available to the
6 Dairy Stabilization Board for expenditure, ef-
7 fective January 1, 1994, as provided in this
8 subsection.

9 “(B) CCC FUNDS.—Prior to January 1,
10 1994, the activities of the Board in starting up
11 operation and preparing the initial Dairy Sta-
12 bilization Plan shall be paid with funds of the
13 Commodity Credit Corporation. The Corpora-
14 tion shall be reimbursed by the Board for such
15 payments from monies placed in the Dairy Sta-
16 bilization Fund during 1994.

17 “(2) LIMITATION.—Monies in the Dairy Sta-
18 bilization Fund may be expended by the Board only
19 to—

20 “(A) cover budgeted activities of the Board
21 under a budget approved by the Secretary
22 under section 204B(b)(2);

23 “(B) transfer to the Commodity Credit
24 Corporation general account reimbursements
25 provided for in paragraph (1)(B), and as nec-

1 essary monies to provide for refunds to produc-
2 ers of market stabilization deductions from pro-
3 ducer revenues, as provided in section 204(i);
4 and

5 “(C) provide for rebates to milk producers
6 of excess monies remaining in the Fund when
7 the Board is terminated, as provided in sub-
8 section (k).

9 “(3) CARRYOVER OF FUNDS.—To allow for con-
10 tinuity of activities of the Board from year to year,
11 monies in the Dairy Stabilization Fund shall be
12 available to the Board without fiscal or calendar
13 year limitation, except that, in any year into which
14 monies are carried over, the amount of any market
15 stabilization deduction from producer revenues for
16 the year under section 204(h)(2) shall be reduced by
17 the amount of the carryover.

18 “(j) BOOKS AND RECORDS.—

19 “(1) IN GENERAL.—The Dairy Stabilization
20 Board shall—

21 “(A) maintain such books and records
22 (which shall be available to the Secretary for in-
23 spection and audit) as the Secretary may pre-
24 scribe;

1 “(B) prepare and submit to the Secretary,
2 from time to time, such reports as the Sec-
3 retary may prescribe; and

4 “(C) account for the receipt and disburse-
5 ment of all funds entrusted to the Board.

6 “(2) AUDITS.—The Board shall cause its books
7 and records to be audited by an independent auditor
8 at the end of each fiscal year, and a report of such
9 audit to be submitted to the Secretary.

10 “(k) FACA NOT APPLICABLE.—The Federal Advi-
11 sory Committee Act (5 U.S.C. App. 2) shall not apply to
12 the Board, or the operations of the Board.

13 “(l) REBATES ON TERMINATION OF BOARD.—

14 “(1) IN GENERAL.—At the time that the Board
15 terminates and winds up its affairs, any funds re-
16 maining in the Dairy Stabilization Fund shall be re-
17 bated to milk producers who have been subject to
18 market stabilization deductions under section
19 204(h)(2), unless the administrative costs of distrib-
20 uting any such rebate will exceed the amount re-
21 bated (in which case, the amount shall revert to the
22 Commodity Credit Corporation general account). Re-
23 bates shall be made pro rata, based on the cumu-
24 lative amount deducted from the revenues of each
25 milk producer under section 204(h)(2).

1 “(2) REBATE NOT DEEMED A GOVERNMENT
2 PAYMENT.—Any rebate under this paragraph shall
3 not be considered as any type of price support or
4 payment for purposes of section 1211 or 1212 of the
5 Food Security Act of 1985 (16 U.S.C. 3811 and
6 3821).

7 **“SEC. 204B. DAIRY STABILIZATION PLANS.**

8 “(a) REQUIREMENTS.—

9 “(1) IN GENERAL.—The Dairy Stabilization
10 Board shall prepare and implement a Dairy Sta-
11 bilization Plan for each of the calendar years 1994
12 through 1998, as provided in this section, that shall
13 provide a business plan of operation for the Dairy
14 Stabilization Board for the year, and shall include
15 the following elements:

16 “(A) GENERALLY.—The Plan for any year
17 may include such of the activities described in
18 subsection (d) or comparable activities within
19 the authority of the Board that are determined
20 by the Board, to be appropriate for such year.

21 “(B) WHEN ESTIMATED CCC PURCHASES
22 EXCEED 5,000,000,000 POUNDS.—For any year
23 in which the Secretary estimates, by November
24 20 of the preceding year, that Commodity Cred-
25 it Corporation purchases of milk and the prod-

1 ucts of milk will exceed 5,000,000,000 pounds
2 (milk equivalent, total milk solids basis), the
3 Plan shall provide for—

4 “(i) timely market intervention meas-
5 ures by the Board to remove from the
6 market an amount of dairy products that
7 is equivalent to the portion of the esti-
8 mated Commodity Credit Corporation pur-
9 chases in excess of 5,000,000,000 pounds
10 but not in excess of 7,000,000,000 pounds;
11 and

12 “(ii) other appropriate measures by
13 the Dairy Stabilization Board to stabilize
14 milk and dairy product prices, and to im-
15 prove farm income during such year.

16 “(C) WHEN ESTIMATED CCC PURCHASES
17 EXCEED 7,000,000,000 POUNDS.—For any year
18 in which the Secretary estimates, by November
19 20 of the preceding year, that Commodity Cred-
20 it Corporation purchases of milk and the prod-
21 ucts of milk will exceed 7,000,000,000 pounds
22 (milk equivalent, total milk solids basis), the
23 Plan shall provide for such supplemental mar-
24 ket intervention measures that the Board
25 agrees with the Commodity Credit Corporation

1 that it should undertake if approved by the Sec-
2 retary, regarding those anticipated purchases in
3 excess of 7,000,000,000 pounds, using for such
4 purposes monies transferred to the Dairy Sta-
5 bilization Fund by the Commodity Credit Cor-
6 poration from the collected reductions in price
7 under section 204(g).

8 “(D) CONTINUATION AND CARRYOVER.—
9 For the second and succeeding Plans, to the ex-
10 tent necessary or appropriate, the Plan shall
11 provide for the continuation of activities initi-
12 ated in the preceding year and the carryover of
13 funds made available for the preceding year but
14 not expended and the payment of obligations in-
15 curred in the preceding year but not paid.

16 “(D) 1998 PLAN.—The Plan for calendar
17 year 1998 shall cover activities and expendi-
18 tures of the Board in 1999 to wind up the busi-
19 ness of the Board.

20 “(2) RATE OF DEDUCTION.—For any year in
21 which the Secretary estimates, by November 20 of
22 the preceding year, that Commodity Credit Corpora-
23 tion purchases of milk and the products of milk will
24 exceed 5,000,000,000 pounds (milk equivalent, total
25 milk solids basis), the Plan for such year also shall

1 establish the rate, per hundredweight, of the market
2 stabilization deduction from producer revenues
3 under section 204(h)(2) at a level sufficient to cover
4 the budgeted outlays of the Board (other than for
5 administrative costs) for its activities under the plan
6 during such year, net of any monies otherwise in the
7 Daily Stabilization Fund or otherwise allocated to
8 the Board for such year.

9 “(b) SCHEDULE FOR DEVELOPMENT OF PLAN.—

10 “(1) PREPARATION AND SUBMITTAL.—Each
11 Dairy Stabilization Plan for a year (A) shall be pre-
12 pared, and the rate of the market stabilization de-
13 duction determined (if necessary of such year), dur-
14 ing the period after the preliminary estimate of net
15 Commodity Credit Corporation purchases of milk
16 and milk products for a year is issued on August 1
17 of the preceding year, and (B) shall be submitted to
18 the Secretary for approval not later than October 31
19 preceding the year the plan addresses.

20 “(2) REVIEW BY SECRETARY.—The Secretary
21 shall review each proposed Plan and rate of the mar-
22 ket stabilization deduction (if necessary for such
23 year), and either approve or disapprove the Plan and
24 rate, within 20 days after receiving them. If the Sec-

1 retary disapproves a proposed Plan or the rate of
2 deduction, the Secretary shall—

3 “(A) specify the reasons for disapproval,
4 and give the Board an additional 10 days to
5 modify the Plan or deduction rate to meet those
6 concerns and resubmit it for the Secretary’s ap-
7 proval; or

8 “(B) with respect to a disapproved Plan,
9 draft an alternative play or program for imple-
10 mentation by the Board that would achieve the
11 same goals as the Plan proposed by the Board
12 at the same or lower cost to milk producers.

13 “(c) QUARTERLY REVISIONS.—

14 “(1) IN GENERAL.—The Dairy Stabilization
15 Plan for any year shall be updated and revised at
16 the beginning of each of the second, third, and
17 fourth quarters of the year, or at such other times
18 specified by the Secretary or determined necessary
19 by the Board. Any such revision may not go into ef-
20 fect until approved by the Secretary.

21 “(2) REVISION OF DEDUCTION RATE.—Any re-
22 vision of a Plan at the beginning of the second,
23 third, or fourth quarter of a year, as provided in
24 paragraph (1), may include a revision in the rate,
25 per hundredweight, of the market stabilization de-

1 duction from producer revenues under section
2 204(h)(2) for such year, as necessary to reflect
3 changes in anticipated costs under the Plan for such
4 year based on revisions in the estimate of Commu-
5 nity Credit Corporation purchases of milk and the
6 products of milk during such year. Any such revision
7 may not go into effect until approved by the Sec-
8 retary.

9 “(d) ACTIVITIES OF THE BOARD IN IMPLEMENTING
10 A PLAN.—

11 “(1) WHEN ESTIMATED CCC PURCHASES EX-
12 CEED 5,000,000,000 POUNDS.—The Dairy Stabiliza-
13 tion Board, in implementing the Dairy Stabilization
14 Plan for any year in which the Secretary estimates,
15 by November 20 of the preceding year, that Com-
16 modity Credit Corporation purchases of milk and the
17 products of milk will exceed 5,000,000,000 pounds
18 (milk equivalent, total milk solids basis), the Board
19 may undertake the following activities as authorized
20 under the Plan:

21 “(A) To acquire, or otherwise cause the re-
22 moval of, dairy products from domestic com-
23 mercial markets on the basis of bids by sellers
24 in response to initiations for bids announced by
25 the Board.

1 “(B) To acquire, or otherwise cause the re-
2 moval of, dairy products from domestic com-
3 mercial markets at announced prices during pe-
4 riods announced by the Board.

5 “(C) To implement a program to cause the
6 export of dairy products the Board has removed
7 from the market, in coordination with the ac-
8 tivities of the Foreign Agricultural Service in
9 implementing the Dairy Export Incentive Pro-
10 gram under section 153 of the Food Security
11 Act of 1985 (15 U.S.C. 713a–14) and subject
12 to the oversight of the Foreign Agricultural
13 Service. Under the program, the Board may
14 cause the export of dairy products with the as-
15 sistance of export bonuses provided by the
16 Board, and determined on the basis of bids by
17 exporters in response to invitations for bids an-
18 nounced by the Board. In implementing such a
19 program, the Board shall enter into an agree-
20 ment with the General Sales Manager to seek
21 the Manager’s prior approval of any export
22 transactions under the program. This program
23 shall not be implemented as a replacement for
24 the Dairy Export Incentive Program, but as a
25 supplement to it.

1 “(D) To implement a program to cause the
2 export of dairy cattle, subject to the oversight
3 of the Foreign Agricultural Service. Under the
4 program, the Board may cause the export of
5 dairy cattle with the assistance of export bo-
6 nuses provided by the Board, and determined
7 on the basis of bids by exporters in response to
8 invitations for bids announced by the Board.

9 “(E) To effect the sale abroad, at world
10 market prices, of dairy products removed from
11 the market by the Board.

12 “(F) To effect the domestic sale for unre-
13 stricted use of dairy products removed from the
14 market by the Board at market prices, but in
15 no case less than 110 percent of the Commodity
16 Credit Corporation announced purchase prices
17 for the products.

18 “(G) To donate, through the Secretary,
19 products the Board has removed from the mar-
20 ket to domestic and international feeding and
21 aid programs, as needed for emergency or dis-
22 aster assistance.

23 “(H) To transfer dairy products it has re-
24 moved from the market to the Commodity
25 Credit Corporation at the Corporation’s an-

1 nounced purchase price (less an amount, deter-
2 mined by the Secretary, to represent the aver-
3 age level of bonus paid to exporters under the
4 Dairy Export Incentive Program), as necessary
5 to manage Corporation or Board inventories.

6 “(2) CCC OPERATIONS.—Notwithstanding any
7 other provision of law, the Commodity Credit Cor-
8 poration shall accept the transfer of dairy products
9 from the Board as provided in paragraph (1)(H),
10 and at any time may transfer its excess inventories
11 of dairy products to the control of the Board, as
12 necessary to manage Corporation or Board stocks or
13 as provided for in paragraph (4)(A).

14 “(3) WHEN ESTIMATED CCC PURCHASES ARE
15 5,000,000,000 POUNDS OR LESS.—The Dairy Sta-
16 bilization Board, in implementing the Dairy Sta-
17 bilization Plan for any year in which the Secretary
18 estimates, by November 20 of the preceding year,
19 that Commodity Credit Corporation purchases of
20 milk and the products of milk will be 5,000,000,000
21 pounds or less (milk equivalent, total milk solids
22 basis) the Board may undertake the following activi-
23 ties as authorized under the plan:

24 “(A) To dispose of carryover stocks of
25 dairy products it had removed from the market

1 in a previous year, in any manner as specified
2 in paragraph (1).

3 “(B) To cause the export of dairy heifers
4 with the assistance of export bonuses provided
5 by the Board on the basis of bids by exporters
6 in response to invitations for bids announced by
7 the Board.

8 “(4) IN GENERAL.—The Dairy Stabilization
9 Board, in implementing the Dairy Stabilization Plan
10 for any year, may undertake the following activities
11 as authorized under the Plan:

12 “(A) To accept stocks of dairy products
13 transferred from the Commodity Credit Cor-
14 poration for use in projects under the Plan.

15 “(B) To provide funding to the Foreign
16 Agricultural Service cooperator organization for
17 dairy products to implement export market de-
18 velopment projects.

19 “(C) To work with the Commodity Credit
20 Corporation, the Foreign Agricultural Service,
21 marketing organizations, and other entities in
22 the dairy industry in facilitating export sales of
23 dairy products.

24 “(D) To work with the Commodity Credit
25 Corporation and, through the Secretary, hu-

1 manitarian relief and development organizations
2 in providing dairy products for emergency relief
3 and development programs.

4 “(E) To develop surplus disposal opportu-
5 nities for use in years in which removals of sur-
6 plus dairy products under the Dairy Stabiliza-
7 tion Plans will be needed.

8 “(5) CONTRACTS AND AGREEMENTS.—In order
9 to efficiently manage stock acquisition and disposi-
10 tion under the Dairy Stabilization Plans and to
11 avoid excessive overhead and unnecessary duplica-
12 tion in any area of the Board’s operations, the
13 Board shall contract or enter agreements, as author-
14 ized in section 204A, for the performance of any or
15 all of the functions described in paragraphs (1), (3),
16 and (4) or similar functions included in Dairy Sta-
17 bilization Plans and approved by the Secretary.

18 “(6) LIMITS ON MARKET INTERVENTION.—The
19 Board shall ensure that any activity under a Dairy
20 Stabilization Plan does not interfere with normal
21 commercial inventory build-ups of dairy products
22 that are necessary to ensure adequate supplies on a
23 year-round basis. In this regard, the criterion the
24 Board shall use in planning activities under any
25 Plan is that intervention by the Board in the market

1 should promote moderate, regulated market adjust-
2 ments and prevent steep or contraseasonal declines
3 in the prices for dairy products.”.

4 **SEC. 5. REVISIONS OF AUTHORITY FOR “EXCESS PUR-**
5 **CHASES” REDUCTIONS IN PRICE.**

6 Effective January 1, 1994, subsection (g) of section
7 204 of the Agricultural Act of 1949 (7. U.S.C. 1446e)
8 is amended by adding at the end thereof the following:

9 “(3) TARGETED REDUCTIONS.—

10 “(A) IN GENERAL.—In any year in which
11 a reduction in price under this subsection is in
12 effect, if during any two consecutive months of
13 such year, the United States average manufac-
14 turing grade milk price, as reported by the Sec-
15 retary, does not exceed the Federal support
16 price for milk by more than 50 cents per hun-
17 dredweight, beginning the following month the
18 reduction in price shall cease being collected on
19 a uniform basis on all milk produced in the 48
20 contiguous States and marketed by producers
21 for commercial use, and shall be collected from
22 each milk producer in the contiguous 48 States
23 only on the quantity of milk marketed during
24 each month by the producer in excess of the
25 producer’s monthly base for milk marketings.

1 “(B) RATE OF REDUCTION.—The amount
2 of the reduction in the price received by produc-
3 ers on such over-base milk marketings shall be
4 an amount per hundredweight determined by
5 the Secretary to be sufficient, when applied to
6 the amount of all such over-base milk market-
7 ings during the remainder of the year, as esti-
8 mated by the Secretary, to result in total reduc-
9 tions during the remainder of the year equal to
10 the total amounts of reductions in price that
11 would otherwise be made on a uniform basis on
12 all milk marketings under the procedures pro-
13 vided in paragraph (2).

14 “(C) BASES.—For purposes of determin-
15 ing, for each milk producer, whether the pro-
16 ducer is subject to the targeted reduction in
17 price under this paragraph, an annual base
18 made up of 12 monthly bases will be established
19 by the Secretary for each dairy farm reflecting
20 the farm’s milk marketings during the preced-
21 ing year. New milk producers will be assigned
22 a base equal to 75 percent of their milk market-
23 ings during each month of the year the reduc-
24 tion is in effect.

1 “(D) MAXIMUM TARGETED REDUC-
2 TIONS.—No milk producer shall be liable for a
3 targeted reduction in price under this para-
4 graph on more than 25 percent of the produc-
5 er’s marketings during any month targeted re-
6 ductions are in effect.

7 “(E) TERMINATION OF TARGETED REDUC-
8 TIONS.—If, after targeted reductions in price
9 are implemented during a year under this para-
10 graph the United States average manufacturing
11 grade milk price, as reported by the Secretary,
12 rises to exceed the support price for milk by
13 more than \$1.50 per hundredweight during two
14 consecutive months of such year, involved, be-
15 ginning the following month, the targeted re-
16 duction in price will cease being collected, and
17 the reduction in price shall be made uniformly
18 on all milk produced in the 48 contiguous
19 States and marketed by producers for commer-
20 cial use in the amount provided for in para-
21 graph (2).

22 “(4) TERMINATION OF ALL REDUCTIONS.—Not-
23 withstanding any other provision of this subsection,
24 if at any time during a year in which reductions in
25 price are being made under this subsection, the Sec-

1 retary, in consultation with the Dairy Stabilization
2 Board, projects (based on the monthly revised esti-
3 mates of Commodity Credit Corporation purchases
4 of milk and the products of milk made under sub-
5 section (f)(2)) that Corporation purchases of milk
6 and the products of milk during such year shall not
7 exceed 7,000,000,000 pounds (milk equivalent, total
8 milk solids basis), less such amounts of estimated
9 Corporation purchases covered by the Board's Dairy
10 Stabilization Plan for that year, the reduction in
11 price under this subsection will cease being made for
12 the remainder of the year.

13 “(5) SPECIAL REFUNDS.—

14 “(A) IN GENERAL.—If, at the end of any
15 year in which reductions in price are made
16 under this subsection, it is determined by the
17 Secretary that actual Commodity Credit Cor-
18 poration purchases of milk and the products of
19 milk made under subsection (f)(2) that Cor-
20 poration purchases of milk and the products of
21 milk during that year did not exceed
22 7,000,000,000 pounds (milk equivalent, total
23 milk solids basis) less such amounts of esti-
24 mated Corporation purchases covered by the
25 Board's Dairy Stabilization Plan for that year,

1 the Secretary shall provide refunds of all the re-
2 ductions in price under this subsection made
3 during such year, other than reduction monies
4 transferred to the Board under an agreement
5 made under section 304B(a)(1)(C). The trans-
6 ferred amount not subject to the special refunds
7 shall be prorated among all producers eligible
8 for such refunds on the basis of the reductions
9 in price collected from such producers during
10 the year; and the prorated amount for each pro-
11 ducer shall be deducted from the amount of re-
12 fund otherwise due to the producer under this
13 paragraph.

14 “(B) REFUND NOT DEEMED A GOVERN-
15 MENT PAYMENT.—Any refund under this para-
16 graph shall not be considered as any type of
17 price support or payment for purposes of sec-
18 tion 1211 or 1212 of the Food Security Act of
19 1985 (16 U.S.C 3811 and 3821).”.

20 **SEC. 6. CONTINUATION OF DEFICIT REDUCTION ACTIVI-**
21 **TIES IN FISCAL YEARS AFTER 1995.**

22 (1) IN GENERAL.—Section 204 of the Agricultural
23 Act of 1949 (7 U.S.C. 1446e) is amended by—

24 (A) amending the section heading to read as fol-
25 lows;

1 **“SEC. 204. MILK PRICE SUPPORT AND CERTAIN COLLEC-**
 2 **TIONS FROM PRODUCERS IN CALENDAR**
 3 **YEARS 1991 THROUGH 1998; MILK INVENTORY**
 4 **MANAGEMENT REPORT.”;**

5 (B) in subsections (a), (b), (d)(1)(A), (d)(2)(A),
 6 (d)(3), (g)(1), and (m) (as so redesignated by sec-
 7 tion 3(b)(1)) striking “1995” each place it appears
 8 and inserting in lieu thereof “1998”; and

9 (C) in subsection (g)(2), striking “1994” and
 10 inserting in lieu thereof “1997”.

11 (2) TRANSFER TO MILITARY AND VETERANS HOS-
 12 PITALS.—Subsections (a) and (b) of section 202 of the
 13 Agricultural Act of 1949 (7 U.S.C. 1446e) are amended
 14 by striking “1995” both places that date appears and in-
 15 serting in lieu thereof “1998”.

16 (3) FEDERAL MILK MARKETING ORDERS.—Section
 17 101(b) of the Agriculture and Food Act of 1981 (7 U.S.C.
 18 603c note) is amended by striking “1995” and inserting
 19 in lieu thereof “1998”.

20 (4) DAIRY INDEMNITY PROGRAM.—Section 3 of Pub-
 21 lic Law 90–484 (7 U.S.C. 450l) is amended by striking
 22 “1995” and inserting in lieu thereof “1998”.

23 (5) FOOD SECURITY ACT OF 1985.—The Food Secu-
 24 rity Act of 1985 is amended by—

1 (A) in section 153(a) (15 U.S.C. 713a–14(a)),
2 striking out “1995” and inserting in lieu thereof
3 “1998”; and

4 (B) in section 1163 (7 U.S.C. 1731 note),
5 striking “1995” each place that date appears and
6 inserting in lieu thereof “1998”.

7 **SEC. 7. ESTIMATES OF CCC PURCHASES.**

8 Subsection (f) of section 204 of the Agricultural Act
9 of 1949 (7 U.S.C. 1446e) is amended to read as follows:

10 “(f) ESTIMATES OF CCC PURCHASES.—

11 “(1) IN GENERAL.—On August 1 and by No-
12 vember 20 of each of the calendar years 1991
13 through 1998, the Secretary shall notify the Com-
14 mittee on Agriculture of the House of Representa-
15 tives and the Committee on Agriculture, Nutrition,
16 and Forestry of the Senate regarding the value and
17 volume of milk and milk product purchases on a
18 milk equivalent, total milk solids basis, the Secretary
19 estimates that the Commodity Credit Corporation
20 will make during the upcoming calendar year, before
21 the effects from the implementation of the Dairy
22 Stabilization Plan for such year or from any reduc-
23 tion in price or deduction from producer revenues
24 under subsection (g) or (h), respectively, made dur-
25 ing such year are calculated.

1 “(2) REVISIONS.—The estimates of Commodity
2 Credit Corporation purchases made under paragraph
3 (1) shall be revised monthly during the year by the
4 Dairy Stabilization Board, in cooperation with the
5 Secretary.

6 “(3) NET PURCHASES EQUIVALENT TO NET RE-
7 MOVALS.—As used in this section and section 204A,
8 the phrases ‘purchase of milk and the products of
9 milk’ and ‘purchases of milk’ and ‘purchases of milk
10 and the products of milk’ shall include all removals
11 of dairy products from the domestic market under
12 this section, either by direct purchase or by export
13 under the Dairy Export Incentive Program under
14 section 153 of the Food Security Act of 1985.”.

15 **SEC. 8. ALLOCATION OF PURCHASE PRICES FOR BUTTER**
16 **AND NONFAT DRY MILK.**

17 (a) IN GENERAL.—Subsection (c)(3) of section 204
18 of the Agricultural Act of 1949 (7 U.S.C. 1446e) is
19 amended by—

20 (1) in the first sentence of subparagraph (A),
21 striking “The Secretary” and inserting in lieu there-
22 of “Subject to subparagraph (B), the Secretary”;

23 (2) redesignating subparagraph (B) as subpara-
24 graph (C); and

1 (3) inserting after subparagraph (A) the follow-
2 ing new subparagraph:

3 “(B) GUIDELINES.—In allocating the rate
4 of price support between the purchase prices of
5 butter and nonfat dry milk under this para-
6 graph, the Secretary may not—

7 “(i) offer to purchase butter for more
8 than \$0.65 per pound; or

9 “(ii) offer to purchase nonfat dry milk
10 for less than \$1.034 per pound.”.

11 (b) APPLICATION OF AMENDMENTS.—The amend-
12 ments made by subsection (a) shall apply with respect to
13 purchases of butter and nonfat dry milk that are made
14 by the Secretary of Agriculture under section 204 of the
15 Agricultural Act of 1949 (7 U.S.C. 1446e) on or after the
16 date of the enactment of this Act.

17 **SEC. 9. FEDERAL MILK ORDER SUPPLY BALANCING COST**
18 **SHARING PLAN.**

19 Section 8c(5) of the Agricultural Adjustment Act (7
20 U.S.C. 608c(5)), reenacted with amendments by the Agri-
21 cultural Marketing Agreement Act of 1937, is amended
22 by adding at the end thereof the following new subpara-
23 graph:

24 “(M) Authorizing the market administrator to deduct
25 and set aside an amount when making the uniform milk

1 price calculation each month, to be available to the market
2 administrator to—

3 “(i) reimburse handlers for additional costs in-
4 curred in obtaining supplemental milk supplies when
5 local supplies are insufficient for market needs;

6 “(ii) reimburse handlers for costs incurred in
7 disposing of milk that exceeds local market needs;
8 and

9 “(iii) pay a distant plant that makes a binding
10 commitment to supply supplemental milk to the
11 market when called upon by the market adminis-
12 trator.”.

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